

ISLAND COUNTY, WASHINGTON
January 1, 1994 Through December 31, 1994

Schedule Of Findings

1. County Officials Should Improve Accounting Controls For The General Fixed Assets

Our review of the county's fixed assets accounting again revealed the following weaknesses:

- a. There is no historical cost data for the buildings or other improvements in the general fixed asset listing.
- b. There are no detailed listings of additions and deletions for buildings or other improvements.

As a result of the above conditions, we were unable to apply audit procedures to substantiate a fair presentation of the general fixed assets' building and other improvements balances reported in the county's financial statements.

The inadequate fixed asset accounting is partially attributed to insufficient resources assigned to this area by county officials. County officials also are having a difficult time researching older data and obtaining the required information.

Similar conditions regarding the county's fixed asset accounting system were reported in our 1991 report, No. 54712, our 1992 report, No. 55584, and our 1993 report, No. 56303.

We again recommend that the county officials:

- a. Establish and maintain a comprehensive fixed asset detail ledger for buildings and other improvements. The listing should document each assets acquisition information including date, cost and reference to source document, and disposition information.
- b. Maintain a detailed listing of all additions and deletions made to buildings, and other improvements.

2. County Officials Should Improve Controls Over Cash Receipts

Progress has been made in correcting some of the internal control weaknesses identified in our 1993 audit report. However, the control weaknesses that remain continue to lessen accountability over departmental cash receipting systems. In addition, they could allow for errors and/or irregularities to occur without being detected in a timely manner.

Internal control weaknesses were identified in the following departments:

a. Sheriff's Civil Office:

(1) The sheriff's civil office does not have a change fund to use for receipting operations. Clerks have been making change out of the jail inmate cash funds. We recommend that a change fund be established by the board of commissioners in an amount sufficient to provide for receipting operations.

(2) Receipts are not always complete as to mode of payment. We recommend mode of payment for cash or check be indicated on all receipts.

(3) Revenue transmittals do not always reconcile to receipts by revenue type and amount. We recommend that revenue transmittals be prepared accurately. Receipts should be reconciled to transmittals by the treasurer's office.

(4) Deposits of receipts to the treasurer's office are not timely. We recommend deposits be made on a daily basis as required by RCW 43.09.240.

b. Sheriff's Jail:

(1) Receipts are not always complete as to mode of payment and do not always contain signatures of jail personnel, inmates and other payees, as required by jail policy. We recommend that receipts be complete with all necessary information.

(2) Inmate files do not contain all receipts issued in relation to their cash account, as required by jail policy. To ensure accountability of all activity regarding inmate funds, we recommend that a copy of each receipt be retained in the inmate files.

c. Superior Court:

(1) The county clerk is responsible for preparing and making the bank deposit, disbursing the checks, and reconciling the bank statement. Furthermore the validated bank slips are not consistently attached to the original deposit slips. We recommend that the reconciliation of the bank statements be done by an individual who does not have signature authority on the account. We also recommend that the validated bank slip be stapled to the original deposit slip.

d. Auditor's Office:

(1) Receipts are not always marked as to mode of payment. We recommend that receipts be complete with all necessary information.

(2) The auditor's office has one person handling COBRA transactions. The payroll clerk receives the insurance billing from the health care provider, collects the checks from the participant, and pays the bill to the health care provider. The same person is also responsible for adding the terminated employee to the

COBRA plan. We recommend that checks received from the participants be sent directly to the treasurer's office for receipting. We further recommend that a written explanation be prepared by the payroll clerk when she cancels a participant from the COBRA system.

e. Assessor's Office:

(1) Prenumbered, two-part forms are used for both billing and receipting activity. This compromises the numerical integrity of receipting transactions. We recommend that official county receipts be used for all receipting activity.

(2) Receipts are not always marked as to mode of payment. We recommend that receipts be complete with all necessary information.

(3) Some receipts are prepared in pencil. We recommend that receipts be prepared in ink.

f. District Court Probation Office:

(1) Payments are being receipted on "Rediform" receipts, which are a type of unofficial cash receipt form. While these receipts are pre-numbered, they provide no control over the cash receipting process because duplicate numbering sequences can easily be obtained at many retail stores. We recommend the probation office use official Island County receipts for receipting transactions.

(2) Receipts are not being prepared for all payments received. Receipts that are prepared are not always complete as to mode of payment. We recommend receipts be prepared for all receipting transactions and be complete with all necessary information.

(3) The bank account used to deposit probation revenues has an unidentified balance from prior years. We recommend that all unidentified moneys be remitted to the county treasurer as unidentified receipts

(4) One clerk has total control over the receipting and deposit activity of the deposit and restitution trust accounts. She is also a signer on the accounts. In addition, these accounts are not being reconciled to the bank on a monthly basis. We recommend the account be reconciled to the bank on a monthly basis by someone other than the clerk who performs the receipting and banking activity. We further recommend the person performing daily receipting and depositing activity not be a signer on the accounts.

(5) Deposits are not being made in a timely manner. We recommend deposits be made daily in accordance with RCW 43.09.240.

(6) Void receipts are not always being retained. To ensure accountability of all receipts, we recommend that all copies of voided receipts be retained.

(7) Receipts are not being prepared immediately upon payment through the mail. We recommend all mail payments be receipted immediately and deposited daily.

g. Solid Waste:

(1) Voided receipts do not always contain an explanation as to why they have occurred, who issued them and who approved the void. We recommend voids

always contain an explanation as to why they occur. The voided receipt should be signed by the employee, the customer (if possible) and then approved by a supervisor. The voided receipt should be retained.

h. Island County Fair:

(1) Receipts are not prepared for all payments received and are not always complete as to mode of payment. We recommend that receipts be prepared for all receipting activity and complete with all necessary information.

(2) Receipts could not be reconciled to deposits in amount or mode. Numerous errors were made on shift reports for gate receipts. Some receipts were missing. We recommend county officials establish internal controls at the fair that ensure proper accountability of all receipts.

(3) Deposits are not made in a timely manner. We recommend receipts be reconciled and deposited daily in accordance with RCW 43.09.240

State Law, RCW 43.09.200, states in part:

. . . The accounts shall show the receipt, use and disposition of all public property, and the income, if any derived therefrom; all sources of public income, and the amount due and received from each source; all receipts, vouchers, and other documents kept or required to be kept, necessary to isolate and prove the validity of every transaction

Also state law, RCW 43.09.240, states in part:

. . . Every public officer and employee, whose duty it is to collect or receive payments due or for the use of the public shall deposit such moneys collected or received by him or her with the treasurer of the taxing district once every twenty-four consecutive hours.

We recommend county officials establish and maintain strong internal accounting and administrative controls over cash receipts.